

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

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POSTAL RATE AND FEE CHANGES, 2000)

POSTAL RATE COMMISSION
Docket No. R2000-1
OFFICE OF THE SECRETARY

ASSOCIATION OF PRIORITY MAIL USERS, INC.
FIRST INTERROGATORIES AND REQUESTS FOR
PRODUCTION OF DOCUMENTS TO UNITED PARCEL SERVICE
WITNESS KEVIN NEELS (APMU/UPS-T3-1-6)
(June 19, 2000)

Pursuant to sections 25 through 27 of the Rules of Practice of the Postal Rate Commission, Association of Priority Mail Users, Inc. hereby submits the following interrogatories and requests for production of documents.

Respectfully submitted,




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CERTIFICATE OF SERVICE

I hereby certify that I have this day served this document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.


John S. Miles

June 19, 2000

APMU/UPS-T3-1.

At page 4 of your testimony you state that the Commission's "attribution [of dedicated air network premium costs solely to Express Mail in Docket No. R97-1] was based upon Postal Service witness Takis' statement that if Express Mail were eliminated, the Eagle network would be shut down and the Priority Mail and First Class Mail moving on that network would be diverted onto commercial flights with no degradation in service quality."

- a. Would you agree that in Docket No. R97-1 witness Takis' testimony represented new evidence concerning the basic reason for the existence of the Eagle Network? Please explain fully any disagreement.
- b. Please cite all testimony by any witness, including those of UPS, which offered in Docket No. R97-1 a refutation to the cited testimony of witness Takis.
- c. Is your testimony in this docket offered as rebuttal to the testimony of witness Takis in Docket No. R97-1?
- d. Is it your opinion that the Commission's acceptance of witness Takis' testimony in Docket No. R97-1 was in error? Please explain any affirmative answer.

APMU/UPS-T3-2.

At page 10 of your testimony, lines 1-2, you refer to the DC-9-15 as having 2,808 cubic feet of available capacity, and at lines 7-8, you refer to the capacity of a 727-100, the smaller of the two versions used by the Postal Service, as having "a capacity of at most 4,850 cubic feet." You also mention, at lines 10-11, "Beechcraft 1900s with a capacity per aircraft of 819 cubic feet." Finally, at line 16, you discuss the possibility of "the smaller Metro III,

which has a capacity of 625 cubic feet.” For each of these four types of aircraft — *i.e.*, for the 727-11, the DC-9-15, the Beechcraft 1900, and the Metro III — please provide all data in the possession of yourself, your firm, or UPS concerning the cost of acquiring and operating these four different types of aircraft.

APMU/UPS-T3-3.

At page 8, lines 10-11, of your testimony you state that “[s]maller aircraft are generally less expensive to operate than larger aircraft.” Please provide all studies, reports, and other evidence on which you rely to support this statement.

APMU/UPS-T3-4.

Please provide all data in the possession of yourself, your firm, or UPS responsive to the following questions:

- a. (i) How much more does it cost to acquire and operate a Beechcraft 1900, with a capacity of 819 cubic feet, in comparison to a Metro III, with a capacity of 625 cubic feet?
- (ii) What is the incremental cost of acquiring and operating a Beechcraft, with a 819 cubic foot capacity, over the cost of acquiring and operating a Metro III; *i.e.*, what is the incremental cost of the additional 194 cubic feet (819 - 625) provided by the Beechcraft 1900 in comparison to the Metro III?

- b.
 - (i) How much more does it cost to acquire and operate a DC-9-15, with a capacity of 2,808 cubic feet, in comparison to a Beechcraft 1900, with capacity of 819 cubic feet?
 - (ii) What is the incremental cost of acquiring and operating a DC-9-15, with 2,808 cubic foot capacity, over the cost of acquiring and operating a Beechcraft 1900, *i.e.*, what is the incremental cost of the additional 1,989 cubic feet (2,808 - 819) provided by the DC-9-15 in comparison to the Beechcraft 1900?
- c.
 - (i) How much more does it cost to acquire and operate a 727-100, with a capacity of 4,850 cubic feet, in comparison to a DC-9-15, with capacity of 2,808 cubic feet?
 - (ii) What is the incremental cost of acquiring and operating a 727-100, with 4,850 cubic foot capacity, over the cost of acquiring and operating a DC-9-15; *i.e.*, what is the incremental cost of the additional 2,042 cubic feet (4,850 - 2,808) provided by the 727 -100 in comparison to the DC-9-15?

APMU/UPS-T3-5.

- a. Is it your testimony that the incremental cost of acquiring additional capacity, via use of larger aircraft of the types discussed in your testimony, is greater than the Postal Service's cost when it uses commercial airlines?

- b. If your answer is affirmative, please provide all studies, reports or other evidence in the possession of yourself, your firm, or UPS which can be used to make such comparisons and support your testimony.
- c. If your answer is affirmative, but not supported by data, please explain the basis for any conclusion that sizing of the current fleet of aircraft on the Eagle and Western Networks is not economic and in the best interests of the Postal Service.

APMU/UPS-T3-6.

At page 3, lines 13-15, of your testimony, you state that “[t]he costing procedures for these dedicated air networks impute to each pound-mile of mail carried on them a cost equal to what it would have cost to transport the mail through the commercial air system.” As a hypothetical, suppose it can be shown that the incremental cost of additional capacity via the use of larger aircraft of the type discussed in your testimony is less than the cost of using commercial airlines for the same amount of capacity.

- a. Would you support charging First-Class and Priority Mail the lower incremental cost, as opposed to the imputed costs now charged?
- b. Please explain why you would or would not support such an approach.